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UNITEDSTATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

ANNUAL AUDITED REPORT **FORM X-17A-5** PART III

OMB APPROVAL

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Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

report for the period beginning $\underline{^{C}}$	1/01/2019 _{AND}	_{ENDING} 12/31	/2019	
_	MM/DD/YY		MM/DD/YY	
A. REC	ISTRANT IDENTIFICATION	N .		
NAME OF BROKER-DEALER: Baystate	Capital Services, Inc.	·	OFFICIAL USE ONLY	
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)			FIRM I.D. NO.	
330 Whitney Avenue		***		
	(No. and Street)			
Holyoke	MA	01	040	
(City)	(State)	(Zip	Code)	
NAME AND TELEPHONE NUMBER OF PE	RSON TO CONTACT IN REGARD	TO THIS REPOR 413-784-6196	RT	
		(Ar	ea Code – Telephone Number	
B. ACC	OUNTANT IDENTIFICATION	N		
	1 1 1 1 1 1 1 1	. 4		
INDEPENDENT PUBLIC ACCOUNTANT V	hose opinion is contained in this Kep	oort*		
PricewaterhouseCoopers LLP				
	(Name - if individual, state last, first, middle		000	
101 Seaport Boulevard	Boston	MA	SEC 02210	
(Address)	(City)	(State)	il Proce ₍₂₈ iege) Section	
CHECK ONE:		F	EB 262020	
Certified Public Accountant		Was	chinatan na	
Public Accountant		o w CAS	shington DC 416	
Accountant not resident in Uni	ted States or any of its possessions.		410	
	FOR OFFICIAL USE ONLY			

^{*}Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Atilla G. Aritan	, swear (or affirm) that, to the best of
my knowledge and belief the accompa Baystate Capital Services, Inc.	nying financial statement and supporting schedules pertaining to the firm of , as
of December 31	, 20 19 are true and correct. I further swear (or affirm) that
neither the company nor any partner,	proprietor, principal officer or director has any proprietary interest in any account
classified solely as that of a customer,	except as follows:
None	
KAREN A. BPACT MOSC NOTEY YUBLIC	Signature
MY COMMINES ON EXPIRES 05/	
Haren A Brault Was	isk.
This report ** contains (check all apple (a) Facing Page.	licable boxes):
(b) Statement of Financial Condit (c) Statement of Income (Loss) o of Comprehensive Income (as	r, if there is other comprehensive income in the period(s) presented, a Statement defined in §210.1-02 of Regulation S-X).
(d) Statement of Changes in Fina (e) Statement of Changes in Stoc	ncial Condition. kholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liab	ilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.	on of Reserve Requirements Pursuant to Rule 15c3-3.
	ossession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including ar	opropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the on of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
consolidation.	audited and unaudited Statements of Financial Condition with respect to methods of
(I) An Oath or Affirmation. (m) A copy of the SIPC Supplement	ental Report.
	al inadequacies found to exist or found to have existed since the date of the previous audit.

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BAYSTATE CAPITAL SERVICES, INC. 330 WHITNEY AVENUE, SUITE 500 HOLYOKE, MASSACHUSETTS 01040

February 25, 2020

Securities and Exchange Commission Division of Trading and Markets Mail Stop 7010 100 F. Street, NE Washington, D.C. 20549 Mail Processing

FER 25 2020

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Re:

Filing by Broker-Dealer of Statement Regarding Independent Public Accountant Required Under SEA Rule 17a-5(f)(2)

Dear Sir/Madam,

Attached please find the completed Statement Regarding Independent Public Accountant required for Baystate Capital Services, Inc. for the year ended December 31, 2019 pursuant to SEA Rule 17a-5(f)(2).

If you have additional questions, please call me at 413-784-6196 or John S. Coulton at 413-784-6764.

Sincerely,

Atilla G. Aritan President

BAYSTATE CAPITAL SERVICES, INC.

(A Wholly-owned Subsidiary of Monarch Life Insurance Company)

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2019

BAYSTATE CAPITAL SERVICES, INC. (A Wholly-owned Subsidiary of Monarch Life Insurance Company) TABLE OF CONTENTS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Baystate Capital Services, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Baystate Capital Services, Inc. (the "Company") as of December 31, 2019, and the related statements of operations, of changes in stockholder's equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Significant Transactions with Related Parties

As discussed in Notes 3 and 5 to the financial statements, the Company has entered into significant transactions with Monarch Life Insurance Company, a related party.

Supplemental Information

The accompanying Schedule I – Supplementary Information: Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and Schedule II – Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934.



In our opinion, the Schedule I – Supplementary Information: Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and Schedule II - Computation for Determination of Reserve Requirements under Rule 15c3-3 of the Securities and Exchange Commission are fairly stated, in all material respects, in relation to the financial statements as a whole.

Boston, Massachusetts February 20, 2020

We have served as the Company's auditor since 1995.

BAYSTATE CAPITAL SERVICES, INC. (A Wholly-owned Subsidiary of Monarch Life Insurance Company) STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2019

		2019
Assets:		
Cash	\$_	11,411
Total Assets	\$	11,411
Liabilities and Stockholder's Equity:		
Total Liabilities	\$	
Stockholder's Equity:		
Common stock, par value \$.01 per share		
200,000 shares authorized, and		
1,000 shares issued and outstanding		10
Additional paid-in capital		9,990
Retained earnings		1,411
Total Stockholder's Equity		11,411
Total Liabilities and Stockholder's Equity	\$	11,411

BAYSTATE CAPITAL SERVICES, INC. (A Wholly-owned Subsidiary of Monarch Life Insurance Company) STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

	_	2019
Revenues:		
Commissions (See Note 3)	\$	1,570
	_	1,570
Expenses:		
Commissions		1,570
	_	1,570
Net Income	\$	

BAYSTATE CAPITAL SERVICES, INC. (A Wholly-owned Subsidiary of Monarch Life Insurance Company) STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

		ommon Stock	_	Additional Paid-in Capital		Retained Earnings		Total Stockholder's Equity
Balance at January 1, 2019	\$	10	. \$_	9,990	\$_	1,411	\$_	11,411
Net Income	•		. <u>-</u>					
Balance at December 31, 2019	\$	10	\$_	9,990	\$_	1,411	\$_	11,411

BAYSTATE CAPITAL SERVICES, INC. (A Wholly-owned Subsidiary of Monarch Life Insurance Company) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

		2019
Cash Flows From Operating Activities:		
Net Income	\$	***
Net Cash Provided by Operating Activities		
Net Increase in Cash		
Cash - Beginning of Period		11,411
Cash - End of Period	\$	11,411

BAYSTATE CAPITAL SERVICES, INC. (A Wholly-owned Subsidiary of Monarch Life Insurance Company) NOTES TO FINANCIAL STATEMENTS

NOTE 1-ORGANIZATION

Baystate Capital Services, Inc. (the Company), a wholly-owned subsidiary of Monarch Life Insurance Company (Monarch Life), incorporated November 18, 1994, was capitalized on April 14, 1995, and commenced business on June 13, 1995. The Company is a member of the Financial Industry Regulatory Authority (FINRA). The Company serves as a registered broker-dealer for Monarch Life in order for Monarch Life to continue to accept premiums on and meet contractual obligations under existing variable life insurance policies and variable annuity contracts previously issued by Monarch Life.

Monarch Life is a wholly-owned subsidiary of Regal Reinsurance Company (Regal Re). On June 9, 1994, the Insurance Commissioner of the Commonwealth of Massachusetts (the Commissioner) was appointed receiver (the Receiver) of Monarch Life in a rehabilitation proceeding pending before the Supreme Judicial Court for Suffolk County, Massachusetts (the Court). A term sheet dated July 19, 1994 (the Term Sheet) among the Commissioner (in her capacity as Commissioner and Receiver) and certain Regal Re shareholders and noteholders and holders of Monarch Life's surplus notes (representing approximately 85% of both the total outstanding Regal Re notes and common stock) (the Holders) was approved by the Court on September 1, 1994. Pursuant to the Term Sheet, the Holders transferred their notes and stock into voting trusts for which the Commissioner is the sole trustee, which effectively vests control of Regal Re and Monarch Life in the Commissioner.

Monarch Life currently limits its business to maintaining its existing blocks of disability income insurance policies, variable life insurance policies, and annuity contracts. Monarch Life ceased issuing new variable life insurance policies and new annuity contracts effective May 1, 1992, and new disability income insurance policies effective June 15, 1993.

NOTE 2-ACCOUNTING POLICIES

The Company's financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("US GAAP"). Preparing financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect reported amounts and related disclosures.

<u>Cash</u>: Cash is comprised of funds on deposit with commercial banks.

Income Taxes: The Company's operations are included in the consolidated life/non-life federal income tax return of Regal Re; however, pursuant to the terms of various agreements between Monarch Life and the Company, all operating expenses, including federal and state income taxes, are treated as a liability of Monarch Life and are paid by Monarch Life.

<u>Recognition of Commission Income and Expense</u>: Commission income and expense are recognized when the sales of financial products are settled. Recognition on a settlement date basis is materially the same as on a trade date basis.

Statement of Changes in Subordinated Liabilities: The financial statements do not include a statement of changes in liabilities subordinated to the claims of general creditors as required under Rule 17a-5 of the Securities Exchange Act of 1934, since no such liabilities existed at December 31, 2019, or during the year then ended.

Accounting Pronouncements: The Company adopted Accounting Standards Update ("ASU") 2016-02, Leases, as of January 1, 2019. This new guidance requires balance sheet recognition of assets and liabilities arising from leases, as well as additional disclosures regarding the amount, timing and uncertainty of cash flows from leases. The adoption of this ASU did not have a material impact to the Company's financial statements.

BAYSTATE CAPITAL SERVICES, INC. (A Wholly-owned Subsidiary of Monarch Life Insurance Company) NOTES TO FINANCIAL STATEMENTS

NOTE 2-ACCOUNTING POLICIES (Continued)

<u>Subsequent Events</u>: As of February 20, 2020, the date in which the financial statements were available to be issued, management has determined that no subsequent events have occurred following the balance sheet date of December 31, 2019 which require recognition or disclosure in the financial statements.

NOTE 3-COMMISSION INCOME

During 2019, the Company earned all of its commissions, which were \$1,570, from Monarch Life.

NOTE 4-NET CAPITAL REQUIREMENTS

Pursuant to the Uniform Net Capital requirements of the Securities and Exchange Commission under Rule 15c3-1, the Company is subject to certain rules regarding minimum net capital and is required to maintain a ratio of "aggregate indebtedness" to "net capital" (as those items are defined) which may not exceed 15 to 1. Minimum Net Capital required equals the greater of 6 2/3% of aggregate indebtedness or \$5,000. Aggregate indebtedness, net capital, and the resultant ratio for the Company at December 31, 2019, were as follows:

	2019
Aggregate indebtedness	\$
Net capital	\$ <u>11,411</u>
Ratio of aggregate indebtedness to net capital	

The Company's excess of net capital over minimum net capital required at December 31, 2019, based on its aggregate indebtedness, was \$6,411.

The operations of the Company do not include the physical handling of securities or the maintenance of customer accounts. Accordingly, the reserve provisions of Rule 15c3-3 of the Securities Exchange Act of 1934 do not apply under the exemption allowed by paragraph (k)(1) of that Rule.

NOTE 5-RELATED PARTY TRANSACTIONS

In accordance with various agreements between Monarch Life and the Company, the Company receives various services from Monarch Life, without charge, including accounting and data processing. All other operating expenses and tax liabilities (if any) of the Company are also borne by Monarch Life. As disclosed in Note 3, all commissions were earned from Monarch Life. There were no intercompany receivables or payables at December 31, 2019.

BAYSTATE CAPITAL SERVICES, INC.

(A Wholly-owned Subsidiary of Monarch Life Insurance Company)

SUPPLEMENTAL SCHEDULE

SCHEDULE I - SUPPLEMENTARY INFORMATION: COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

	D	December 31, 2019	
Total stockholder's equity	\$	11,411	
Haircut on nonexempt securities	.		
Net capital	\$	11,411	
Aggregate indebtedness	\$		
Minimum net capital required (greater of 6 2/3% of aggregate indebtedness or \$5,000)	\$	5,000	
Excess net capital	\$	6,411	
Ratio of aggregate indebtedness to net capital			

The above calculation does not differ from the Company's calculation as reported in Part IIA of the unaudited amended FOCUS report as of December 31, 2019.

BAYSTATE CAPITAL SERVICES, INC.
(A Wholly-owned Subsidiary of Monarch Life Insurance Company)
SUPPLEMENTAL SCHEDULE
SCHEDULE II - COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

FOR THE YEAR ENDED DECEMBER 31, 2019

The Company claims exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(1) of that rule.